

**TOWN OF PELION MUNICIPAL COURT
PELION, SOUTH CAROLINA**

**State Auditor's Report
April 30, 2006**

**TOWN OF PELION MUNICIPAL COURT
PELION, SOUTH CAROLINA**

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State of South Carolina



Office of the State Auditor

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October 24, 2006

The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Janis Poole, Clerk of Court
Town of Pelion
Pelion, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Pelion Municipal Court for the period May 1, 2005 through April 30, 2006, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

Independent Accountants' Report on Applying Agreed-Upon Procedures

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the Town of Pelion Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. Janice Poole, Clerk of Court for the Town of Pelion is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of May 1, 2005 through April 30, 2006 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

2. TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the Town's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim's assistance surcharge (Section 14-1-211) for the period May 1, 2005 to April 30, 2006.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2005 – 2006 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines' range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN" in the Accountants' Comments section of this report.

3. PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by Town council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended December 31, 2004 audited Victims' Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We verified the Victims' Rights Fund reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

Our finding is reported under "PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING" in the Accountants' Comments section of this report.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period May 1, 2005 to April 30, 2006.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the Town's financial statement Schedule of Fines, Assessments and Surcharges of the year ended December 31, 2004 report related to fines and assessments revenues reporting in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

Our finding is reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended April 30, 2006 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the State Auditor, Chairmen of the House Ways & Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, State Treasurer, Office of Victim Assistance, Chief Justice and the Governor and is not intended to be and should not be used by anyone other than these specified parties.

September 21, 2006

ACCOUNTANTS' COMMENTS

TOWN OF PELION MUNICIPAL COURT
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MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

The procedures agreed to by the agency require that we plan and perform the engagement to obtain reasonable assurance about whether noncompliance with the requirements of State Laws, Rules, or Regulations occurred and whether internal accounting controls over certain transactions were adequate. Management of the entity is responsible for establishing and maintaining internal controls. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Therefore, the presence of a material weakness or violation will preclude management from asserting that the entity has effective internal controls.

The conditions described in this section have been identified as material weaknesses or violations of State Laws, Rules, or Regulations.

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State Auditor's Report, Continued
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TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN

ASSESSMENT OF THE 3% COLLECTION COST CHARGE ON INSTALLMENT PAYMENTS

CONDITION: The Town does not assess the 3% collection fee on fines paid on an installment basis as mandated by law.

CRITERIA: South Carolina Code of Laws Section 14-17-725. The Section states, "Where criminal fines, assessments, or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the clerk of court.... "

CAUSE: The Town generally does not accept partial payments. During the examination period, the Clerk of Court manually calculated the fine distribution. The Clerk was unsure of how to accurately distribute the fines with the collection fee added.

EFFECT: The Town is not complying with Section 14-17-725 by not assessing the 3% collection fee.

AUDITORS' RECOMMENDATION

We recommend the Clerk of Court comply with the law related to installment payments and collect the 3% fee as required by law.

REMITTANCE OF PARTIAL PAYMENTS

CONDITION: The Town generally does not accept partial payments. However, when the judge does allow it, they are required to pay the balance the following month. When partial payments have been made, the Clerk does not allocate and remit fines as they are received; instead the Clerk allocates and remits fines the following month when the total fine is collected.

CRITERIA: South Carolina Code of Law Section 14-1-208(B) states "Assessments paid in installments must be remitted as received."

CAUSE: The Town has software that will do the allocations properly, but due to computer problems, the Town has not been able to rely on the software. As a result, the clerk has been manually allocating the fines, but was unsure of how to correctly distribute partial payments.

EFFECT: The Town is not complying with Section 14-1-208(B) by not remitting assessments paid in installments as they were received.

AUDITORS' RECOMMENDATION: The Town should allocate payments as discussed in the Court Memorandum from Robert McCurdy dated June 14, 2005 section VI.A.11 and remit payments as received.

PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

IMPROPER DOCUMENTATION FOR DIRECT VICTIMS' SERVICES CRITERIA

CONDITION: During the procedures period, the Town expended \$857 for Victims' Assistance. The invoices supporting these expenditures did not appear to demonstrate that the expenditures directly benefited the victims' assistance program. Instead, the expenditures appeared to be for routine law enforcement activities.

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CRITERIA: The South Carolina Victims' Assistance Network has supplied a list of 16 tier 1 items that qualify for direct victims' services. This list is supplied as Attachment L in the Judicial Department memo from Robert McCurdy dated June 15, 2005 for the 2005-2006 fiscal year. This list gives authoritative examples of what meets the requirements of Article 15, Title 16 of the South Carolina Code of Laws.

CAUSE: The Town has just implemented a municipal court system and victims' assistance fund and the Town does not have the experience or training necessary to identify these activities.

EFFECT: The Town may have inappropriately charged these expenditures to the Victims' Assistance fund.

AUDITORS' RECOMMENDATION: The Town should obtain the South Carolina Victims' Assistance Network approved list and analyze its expenditures in comparison with Attachment L and determine if the expenditures charged to the Victims' Assistance fund meet these criteria. If the Town concludes that the expenditures do meet the criteria outlined in Article 15, Title 16 of the Code of Laws, the Town should attach appropriate documentation to the voucher to support its conclusion. If the expenditures do not meet the criteria then the Town should repay the Victims' Assistance fund.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

REQUIRED SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The Town's audited financial statements did not include a Schedule of Fines and Assessments as required by law.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E) states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each municipality pursuant to Section 5-7-240 must include a supplementary schedule detailing all fines and assessments collected at the court level, the amount remitted to the municipal treasurer, and the amount remitted to the State Treasurer." The schedule must also include the five required items in Section 14-1-208(E)(1).

CAUSE: The Town implemented a municipal court system in May 2004. The Town and their auditors were unaware of the requirements. The latest available audited financial statements were for the fiscal year ended December 31, 2004.

EFFECT: The Town is not in compliance with State law.

AUDITORS' RECOMMENDATION: The Town should design and implement procedures to ensure that all audit requirements are complied with during the required annual audit. The December 2005 year-end audited financial statements should include the required information including the Victims' Assistance beginning cumulative balance at January 2005.

TOWN OF PELION

South Carolina 29123

P.O. Box 7 • Telephone/Fax 803-894-3636

October 31, 2006

Mr. Steve Blake CFE, CPA
P.O. Box 848
Gaffney, SC

In response to your e-mail file regarding our court audit:

Assessment of the 3% Collection Cost Charge on Installment Payments:

We will comply with the law regarding this matter.

Remittance of Partial Payments:

Since purchasing software in September of 2005 we have had several problems with our equipment. We have attempted to correct our problems and are now totally relying on the software to remit funds to the State. All monies collected are receipted into the system and distributed in a timely manner.

Improper Documentation for Direct Victim's Services Criteria:

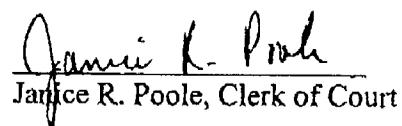
\$316.80 was used to purchase a TV & VCR under Attachment L Guidelines, Priority 2, and Item #1.

\$540.00 was used for training, which we believed could be justified under Priority 1, Item #4. Since this training does not meet the victim's fund criteria, we will repay the fund.

Required Schedule of Fines and Assessments

The Town's 2005 year end audit includes the required schedule.


Charles W. Haggard, Mayor


Jarice R. Poole, Clerk of Court